

**CENTRAL CAROLINA TECHNICAL COLLEGE**

**AUDITED FINANCIAL STATEMENTS  
and  
ADDITIONAL INFORMATION**

**June 30, 2014**

 Webster Rogers LLP  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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**June 30, 2014**

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CENTRAL CAROLINA TECHNICAL COLLEGE  
SUMTER, SOUTH CAROLINA

AUDIT PERIOD: JULY 1, 2013 - JUNE 30, 2014

AREA COMMISSION MEMBERS:

<u>Name</u>	<u>Area Represented</u>	<u>Terms of Office</u>
Mr. J. Mac Summers, Chairman	Sumter County	7/01/13-7/01/17
Mr. Terry M. Hancock, Vice Chairman	Kershaw County	7/01/10-6/30/14
Mr. Bobby R. Anderson, Secretary	Sumter County	6/30/11-6/30/15
Mrs. Ruth J. Bell	Lee County	6/30/11-6/30/15
Mr. Andre G. McBride	Sumter County	7/01/13-7/01/17
Ms. Jennett Towles-Mickens	Sumter County	6/30/11-6/30/15
Mr. Ray Reich	Sumter County	7/01/10-6/30/14
Mr. Christopher L. Lee	Clarendon County	7/01/11-7/01/15
Mr. Nick Lampshire (Retired-2014)	Kershaw County	6/30/13-6/30/17
Ms. Janice Poplin	Sumter County	7/01/13-7/01/17
Ms. Winnie Ricketts	Clarendon County	6/30/13-6/30/17

KEY ADMINISTRATIVE STAFF:

<u>Name</u>	<u>Title</u>
Dr. Tim Hardee	President
Mr. David S. Watson	Vice President for Academic Affairs
Ms. Terry L. Booth	Vice President for Business Affairs
Ms. Lisa Bracken	Vice President for Student Affairs
Ms. Ann Cooper	Vice President for Administration & Planning

AREA SERVED BY THE COMMISSION:

Clarendon, Lee, Kershaw, and Sumter Counties

COUNTIES PROVIDING FINANCIAL SUPPORT FOR THE INSTITUTION:

Clarendon, Lee, Kershaw, and Sumter Counties

## INDEPENDENT AUDITORS' REPORT

The President and Members of the Area Commission  
Central Carolina Technical College  
Sumter, South Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities Central Carolina Technical College (the College), a member institution of the South Carolina Technical College System, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the College, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 3–10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the College's basic financial statements. The F.E. Dubose Career Center supplementary statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The F.E. Dubose Career Center supplementary statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the F.E. Dubose Career Center supplementary statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.



Sumter, South Carolina  
September 18, 2014



# **Central Carolina Technical College**

## **Management's Discussion and Analysis**

### **Introduction**

The management of Central Carolina Technical College offers readers of the College's financial statements a narrative overview and analysis of the financial activities of the College for the fiscal year ended June 30, 2014. This discussion should be read in conjunction with the financial statements and the notes thereto, which follow this section.

### **Financial Highlights**

- The assets and deferred outflow of resources for Central Carolina Technical College exceeded its liabilities and deferred inflow of resources at June 30, 2014, by \$34,658,842 (net position). Of this amount, \$5,690,283 (unrestricted net position) may be used to meet the College's ongoing obligations.
- Net position decreased by \$1,074,074, primarily due to depreciation expense.
- Total debt decreased by \$280,000 during the current fiscal year.
- The College experienced an operating loss of \$19,209,046 as reported in the Statement of Revenues, Expenses, and Changes in Net Position. However, this operating loss was partially offset by State appropriations of \$4,366,383, local appropriations of \$2,212,564, Federal nonoperating grants and contracts of \$10,936,802, other nonoperating revenues (net investment income) of \$82,738, and capital contributions of \$659,034.

### **Overview of the Financial Statements**

The College is engaged only in Business-Type Activities (BTA) that are financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and classifies assets and liabilities into current and noncurrent. The difference between total assets and deferred outflow of resources and total liabilities and deferred inflow of resources is net position, which is displayed in three broad categories: net investment in capital assets, restricted, and unrestricted. Net position is one indicator of whether the overall financial condition has improved or worsened during the year at the College.

The Statement of Revenues, Expenses, and Changes in Net Position is basically a statement of net income with an entity-wide perspective. Revenues and expenses are categorized by operating and nonoperating, and expenses are reported by object type.

# Central Carolina Technical College

## Management's Discussion and Analysis

A comparative analysis of data is presented in the following sections.

### Statement of Net Position

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$34,658,842 at the close of the most recent fiscal year. A summary of the statements follows (in millions):

	<u>2014</u>	<u>2013 Restated*</u>	<u>Increase/ Decrease</u>
Current assets	\$ 11.82	\$ 8.87	\$ 2.95
Noncurrent assets:			
Restricted and other	3.27	3.74	( .47)
Capital assets, net	<u>29.68</u>	<u>30.70</u>	<u>(1.02)</u>
Total assets	<u>\$ 44.77</u>	<u>\$ 43.31</u>	<u>\$ 1.46</u>
Current liabilities	7.59	4.80	2.79
Noncurrent liabilities	<u>2.52</u>	<u>2.78</u>	<u>( .26)</u>
Total liabilities	<u>10.11</u>	<u>7.58</u>	<u>2.53</u>
Net position	<u>\$ 34.66</u>	<u>\$ 35.73</u>	<u>\$ (1.07)</u>

\*Certain amounts were reclassified to make fiscal year 2013 comparable with the current year presentation. See Notes 5 & 20.

The College did not have any deferred outflows or inflows of resources as of June 30, 2014.

The current ratio, representing current assets divided by current liabilities, was 1.56 at June 30, 2014 compared to 1.85 at June 30, 2013. Current assets of \$11.82 million at June 30, 2014 represent a \$2.95 million increase compared to the prior year. This increase was primarily a result of additional State funding for a renovation project not yet spent.

Restricted and other noncurrent assets decreased by \$ .47 million, largely as a result of the sale of investments.

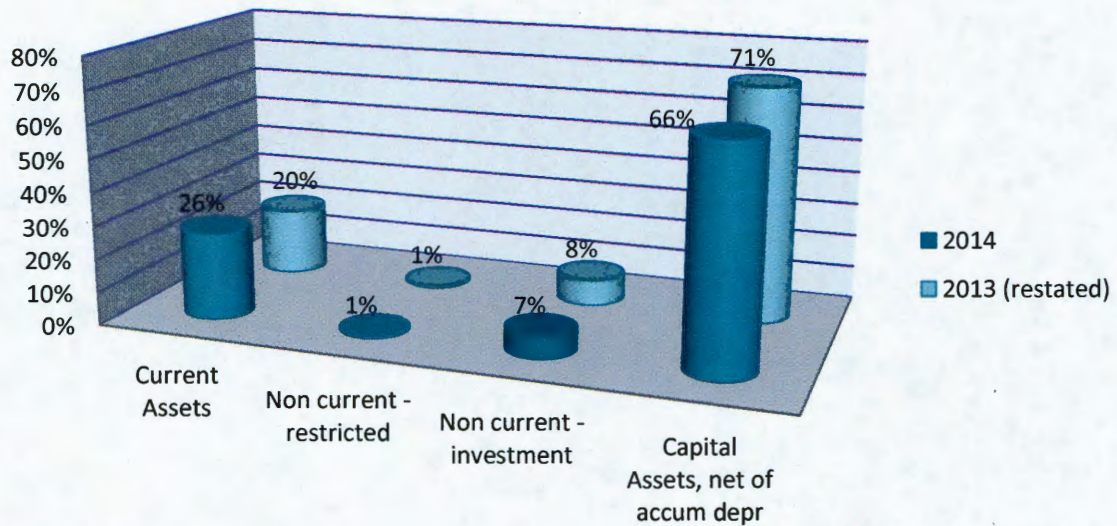
Current liabilities increased by \$2.79 million primarily as a result of an increase in unearned revenue resulting from the State funding not yet spent on the renovation project.

The following chart pictorially presents the College's total assets as of June 30, 2014 compared to June 30, 2013:



**Central Carolina Technical College**  
**Management's Discussion and Analysis**

**Total Assets Summary**



**Capital and Debt Activities**

Bonds payable totaled \$1.98 million at June 30, 2014, as discussed in Notes 6 and 7. These bonds were issued in fiscal year 2010 to finance the health sciences renovation capital project.

**Net Position**

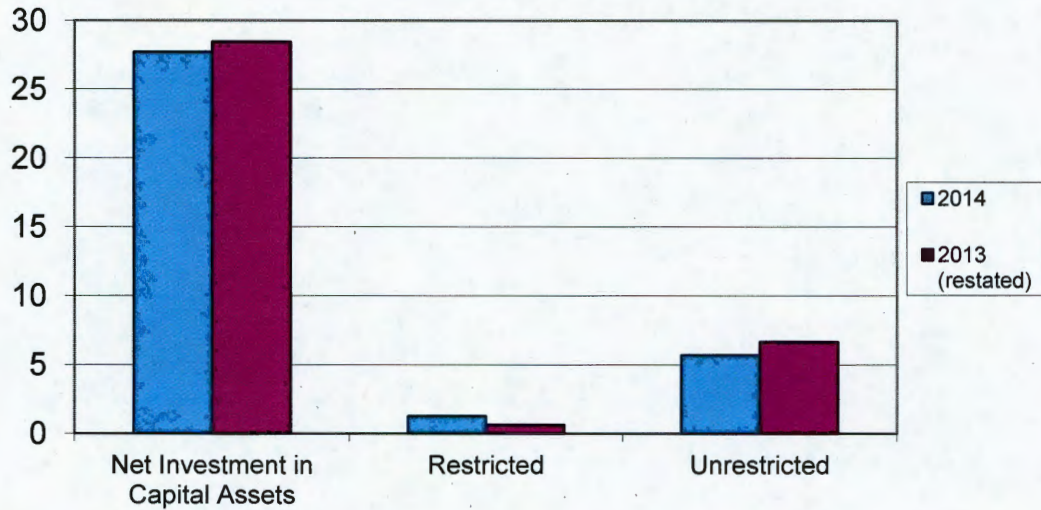
Net position represents the residual interest in the College's assets and deferred outflows after liabilities and deferred inflows are deducted. The College's net position at June 30, 2014 and June 30, 2013 are summarized below (in millions):

	<u>2014</u>	<u>2013</u> <u>Restated</u>	<u>Increase/</u> <u>Decrease</u>
Net investment in capital assets	\$ 27.70	\$ 28.45	\$ ( .75)
Restricted:			
Nonexpendable	.25	.25	-
Expendable	1.02	.39	.63
Unrestricted:	<u>5.69</u>	<u>6.64</u>	<u>( .95)</u>
Total Net position	<u>\$ 34.66</u>	<u>\$ 35.73</u>	<u>\$ ( 1.07)</u>



**Central Carolina Technical College**  
**Management's Discussion and Analysis**

**Comparative Net Position**  
**Fiscal Years 2014 and 2013**



The College's net investment in capital assets (e.g., land, buildings, machinery, and equipment, less any related debt used to acquire those assets that is still outstanding) reflects approximately 80% of its total net position. The College uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending.

Although the College's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additional details are shown in Note 5.

Restricted nonexpendable net position consists of the College's permanent endowment fund.

The unrestricted net position of \$5.69 million may be used to meet the College's ongoing obligations, which are discussed in Note 13, Unrestricted Net Position, of the accompanying notes to the financial statements.

### **Statement of Revenues, Expenses and Changes in Net Position**

The statement of revenues, expenses and changes in net position presents the College's results of operations. A summarized comparative statement is shown below (in millions):



**Central Carolina Technical College**  
**Management's Discussion and Analysis**

	<u>2014</u>	<u>2013 Restated</u>	<u>Increase/ Decrease</u>
Operating revenues:			
Student tuition and fees	\$ 13.63	\$ 14.15	\$ (.52)
Less: scholarship allowances	<u>(6.67)</u>	<u>(7.41)</u>	<u>.74</u>
Net student tuition and fees	6.96	6.74	.22
Grants and contracts	5.43	5.53	(.10)
Auxiliary	1.54	1.48	.06
Other	<u>.40</u>	<u>.42</u>	<u>(.02)</u>
Total operating revenues	14.33	14.17	.16
Less operating expenses (see page 9)	<u>33.54</u>	<u>34.35</u>	<u>(.81)</u>
Operating loss	<u>(19.21)</u>	<u>(20.18)</u>	<u>.97</u>
Nonoperating revenues (expenses):			
State appropriations	4.37	4.07	.30
Local appropriations	2.21	2.24	(.03)
Investment income	.08	(.04)	.12
Loss on disposal of capital asset	-	(.01)	.01
Grants and contracts	10.94	12.29	(1.35)
Interest expense	<u>(.12)</u>	<u>(.14)</u>	<u>.02</u>
Nonoperating revenues (expenses)	<u>17.48</u>	<u>18.41</u>	<u>(.93)</u>
Capital appropriations and grants	<u>.66</u>	<u>2.91</u>	<u>(2.25)</u>
Increase(decrease) in net position	(1.07)	1.14	(2.21)
Net position, beginning of year	<u>35.73</u>	<u>34.59</u>	<u>1.14</u>
Net position, end of year	<u>\$ 34.66</u>	<u>\$ 35.73</u>	<u>\$ (1.07)</u>

The total revenues, including operating, nonoperating, and capital contributions was \$32.59 million.

Student tuition and fees decreased by \$ .52 million from the prior year. This decrease was the net result of an increase in tuition and decrease in enrollment during the year. Scholarship allowances represent an approximation of tuition and fees paid from student financial aid, and has been recognized as a reduction of tuition and fees in order to eliminate duplication of revenues. This category decreased by \$ .74 million from the prior year, also as a result of the decreased enrollment.

State appropriations increased by \$ .30 million or 7% as a result of the State funding a portion of the employee benefits increases, an increase in base state funding for the technical colleges, and state funding for a new program for the technical colleges to create a manufacturing certification program in SC.



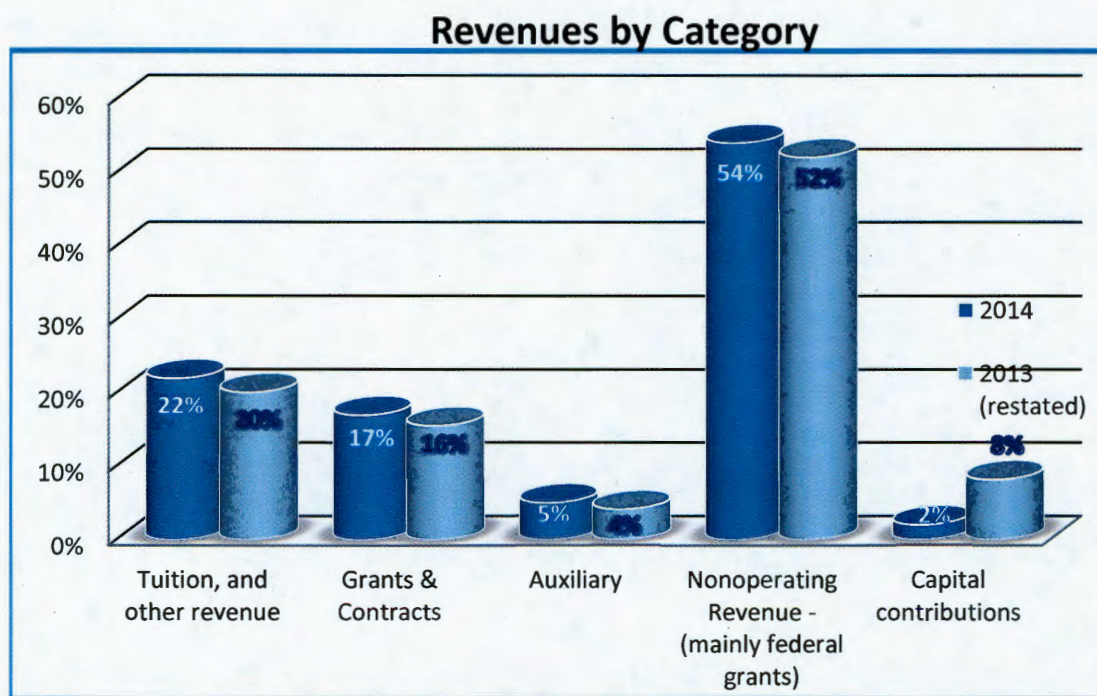
# Central Carolina Technical College

## Management's Discussion and Analysis

Grants and contracts nonoperating revenues decreased by \$1.35 million primarily as a result of a decrease in Pell grant awards.

Capital appropriations and grants decreased by \$2.25 million as a result of State funds received for capital projects in the prior year.

The following graphic illustration of revenues by source shows how operating and nonoperating revenues are used to fund the College's operating expenses. Significant recurring sources of the College's revenues are considered nonoperating, as applicable by Generally Accepted Accounting Principles.



# Central Carolina Technical College

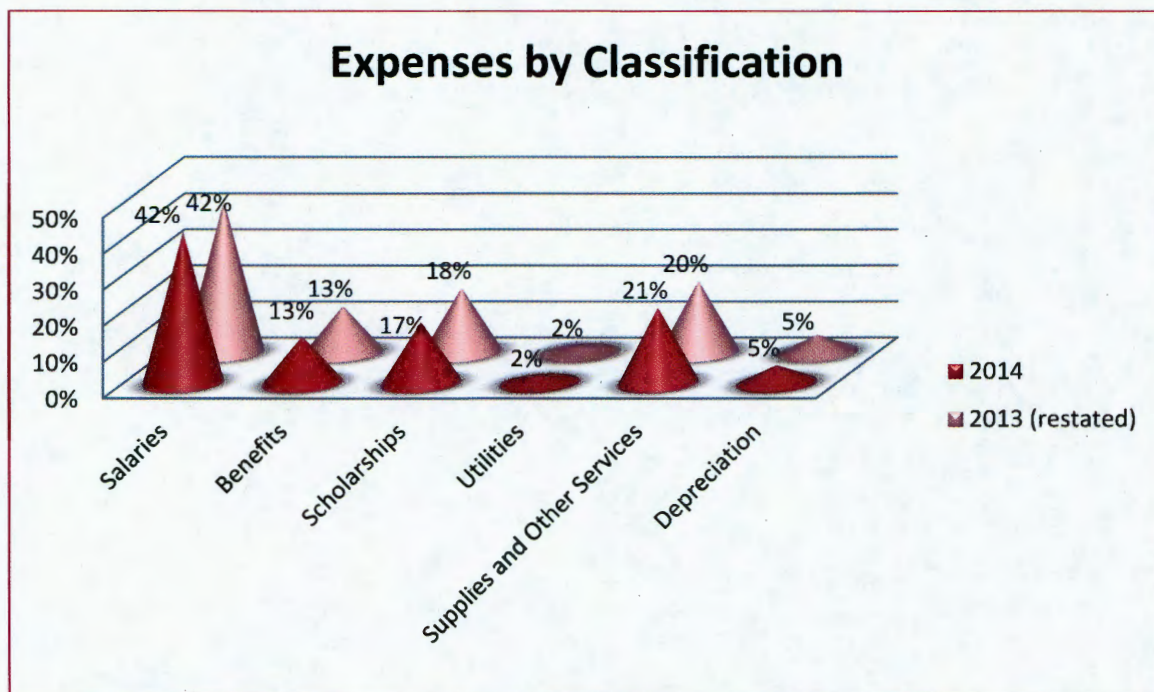
## Management's Discussion and Analysis

Operating and nonoperating expenses are shown below in the condensed statement format (in millions):

	<u>2014</u>	<u>2013</u> <u>Restated</u>	<u>Increase/</u> <u>Decrease</u>
Operating:			
Salaries & benefits	\$ 18.42	\$ 18.98	\$ (.56)
Scholarships	5.82	6.08	(.26)
Utilities	.70	.67	.03
Supplies and services	6.90	6.88	.02
Depreciation	<u>1.70</u>	<u>1.74</u>	<u>(.04)</u>
	<u>33.54</u>	<u>34.35</u>	<u>(.81)</u>
Nonoperating:			
Interest expense	.12	.14	(.02)
Loss on disposal of capital assets	<u>-</u>	<u>.01</u>	<u>(.01)</u>
Total expenses	<u>\$ 33.66</u>	<u>\$ 34.50</u>	<u>\$ (.84)</u>

Note 15, Operating Expenses by Function in the accompanying notes to financial statements identifies operating expenses by functional classification.

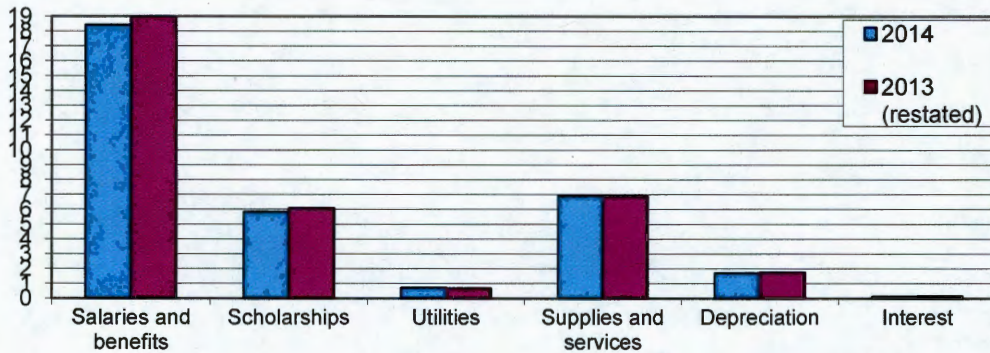
The following is a graphic illustration of total operating expenses by object:





**Central Carolina Technical College**  
**Management's Discussion and Analysis**

**Comparison of Operating Expenses -  
Fiscal Years 2014 and 2013**



Total expenses decreased overall by \$ .84 million, or 2%. Salaries and benefits decreased by \$ .56 million as a result of having fewer faculty due to decreased enrollment. Scholarships decreased by \$ .26 million or 4% primarily due to the decrease in Pell grant awards.

### **Economic Factors**

During the recent economic downturn from fiscal year 2008 to 2012, the College lost 40 percent of its state funding, but grew enrollment by over 42 percent, which, along with tuition increases, allowed the College to operate on a fiscally sound basis and grow programs and locations.

Now that the national and state economies have begun to experience growth, the College's enrollment has begun to decline as more people go back to work. Enrollment for fiscal year 2014 was approximately nine percent less than the previous year, and is projected to decline another ten percent in fiscal year 2015. Although state funding has increased annually since fiscal year 2013, it is not expected to get back to previous levels any time in the near future. As a result, the College has been reducing its operating budgets to reflect the reduced levels of enrollment and has been able to do this without affecting programs or locations, mostly through attrition as employees leave and are not replaced.

**Central Carolina Technical College**  
**Statement of Net Position**  
**June 30, 2014**

**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 10,013,869
Accounts receivable, net	1,365,825
Inventories	377,187
Other assets	65,442
Total current assets	<u>11,822,323</u>

**Noncurrent assets**

Restricted cash and cash equivalents	29,703
Investments	2,986,424
Restricted Investments	246,847
Capital assets, not being depreciated	1,432,439
Construction in Progress	619,821
Depreciable capital assets, net of accumulated depreciation	27,632,100
Total noncurrent assets	<u>32,947,334</u>
Total assets	<u>\$ 44,769,657</u>

**LIABILITIES**

**Current liabilities**

Accounts payable	\$ 300,683
Accrued interest payable	33,152
Accrued payroll and related liabilities	449,041
Unearned revenue	6,413,185
Accrued annual leave - current portion	78,208
Bonds payable - current portion	290,000
Funds held for others	27,465
Total current liabilities	<u>7,591,734</u>

**Noncurrent liabilities**

Accrued annual leave - noncurrent portion	829,081
Bonds payable - noncurrent portion	1,690,000
Total noncurrent liabilities	<u>2,519,081</u>
Total liabilities	<u>\$ 10,110,815</u>

**NET POSITION**

Net investment in capital assets	\$ 27,704,360
Restricted for:	
Nonexpendable	
Scholarship	249,712
Expendable	
EPA - ETC	163,643
F.E. Dubose Career Center	231,023
Capital projects	619,821
Unrestricted	5,690,283
Total net position	<u>\$ 34,658,842</u>



**Central Carolina Technical College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2014**

**Revenues**

**Operating Revenues**

Student tuition and fees (net of scholarship allowance of \$6,668,767)	\$ 6,962,712
Federal grants and contracts	2,002,332
State and local grants and contracts	3,429,276
Auxiliary services (net of scholarship allowance of \$1,555,594)	1,538,450
Other operating revenues	397,626
Total operating revenues	<u>14,330,396</u>

**Expenses**

**Operating Expenses**

Salaries	14,089,475
Benefits	4,330,689
Scholarships	5,827,323
Utilities	695,543
Supplies and other services	6,899,366
Depreciation	1,697,046
Total operating expenses	<u>33,539,442</u>
Operating Loss	<u>(19,209,046)</u>

**Nonoperating Revenues (Expenses)**

State appropriations	4,366,383
Local appropriations	2,212,564
Investment income, net of fair value of investment adjustments	82,738
Interest expense	(122,549)
Federal grants and contracts	10,936,802
Total nonoperating revenues (expenses)	<u>17,475,938</u>
Loss before capital contributions	<u>(1,733,108)</u>

**Capital Contributions**

State capital appropriations	600,190
Local capital grants and gifts	6,794
Federal capital grants and gifts	52,050
Total capital contributions	<u>659,034</u>
Decrease in net position	<u>(1,074,074)</u>

Net position - beginning of year - restated	35,732,916
Net position - end of year	<u><u>\$ 34,658,842</u></u>

**Central Carolina Technical College**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 6,666,146
Federal, State and Local grants and contracts	5,677,920
Auxiliary enterprise charges	1,604,964
Other receipts	397,626
Payments to vendors	(13,367,402)
Payments to employees	(18,401,890)
Net cash used by operating activities	<u>(17,422,636)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	4,518,891
Local appropriations	2,139,739
Federal, State and Local grants and contracts nonoperating	10,942,548
Net cash provided by noncapital financing activities	<u>17,601,178</u>

**CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES**

State and Local capital appropriations	3,494,799
Federal, State and Local grants and gifts	58,844
Purchase of capital assets	(670,292)
Principal paid on capital debt	(280,000)
Interest paid	(127,238)
Net cash provided by capital and related activities	<u>2,476,113</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investment	1,000,000
Purchase of investment	(799,682)
Interest on investments	112,536
Net cash flows provided by investing activities	<u>312,854</u>

Net increase in cash	2,967,509
Cash - beginning of year	7,076,063
Cash - end of year	<u>\$ 10,043,572</u>

**Reconciliation of operating loss to net cash provided (used) by operating activities:**

Operating income (loss)	\$ (19,209,046)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,697,046
Change in assets and liabilities	
Receivables, net	159,772
Inventories	(48,247)
Deferred charges and prepaid expenses	73,499
Accounts payable	23,126
Unearned revenue	(137,060)
Compensated absences	18,274
Net cash provided (used) by operating activities	<u>\$ (17,422,636)</u>

**Noncash investing and capital and related financing activities**

Contributed capital assets	\$ 6,794
Change in fair value of investments	156,411
Total Noncash investing and capital and related financing	<u>\$ 163,205</u>

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by Central Carolina Technical College ("***the College***") are described below to enhance the usefulness of the financial statements to the reader.

**A. Reporting Entity**

Central Carolina Technical College, a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of the counties of Sumter, Clarendon, Lee and Kershaw, South Carolina. Included in this range of programs are technical and occupational diploma and associate degree curricula which are in concert with the needs of service area employers. Integral to this mission, Central Carolina Technical College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading skills of individual employees. It also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

The College's primary funding sources are student tuition, state and local support, and state and federal grants and contracts.

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of Central Carolina Technical College, as the primary government. As discussed in Note 17, the accounts of the F.E. Dubose Career Center are included in the basic financial statements, and also reported separately in supplemental schedules. The College evaluates potential component units on an annual basis, and presents component units that meet the requirements of Generally Accepted Accounting Principles applicable to governmental and college entities. As of June 30, 2014, the College has determined there are no significant component units. Central Carolina Technical College has determined that it is not a component of another entity. The College is part of the primary government of the State of South Carolina and is reported in the Higher Education Fund of the state.

**B. Financial Statements**

The financial statements of the College have been prepared to meet the requirements of Generally Accepted Accounting Principles applicable to governmental and college entities. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net position, revenues, expenses and changes in net position and cash flows.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(continued)

**C. Measurement Focus and Basis of Accounting**

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

**D. Cash and cash equivalents**

For purposes of the Statement of Cash Flows, the College considers all highly liquid investments, such as a certificate of deposit, maturing within three months from the date of acquisition to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's office are also considered cash equivalents.

**E. Investments**

Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds". Generally Accepted Accounting Principles applicable to governmental and college entities require disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with these same principles. Changes in unrealized gain (loss) on the fair value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

**F. Inventories**

Inventories consist of bookstore books and supplies. Such items are recorded at latest invoice price which approximates the first-in-first-out, lower of cost or market basis.

**G. Accounts Receivable and Payables**

Accounts receivable are stated net of an allowance for uncollectible accounts. After the College has exhausted all traditional means of collecting delinquent student's accounts, it is authorized and obligated to submit such accounts to the S.C. Department of Revenue for collection through state tax refunds. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. See Note 3 for details.

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(continued)

**G. Accounts Receivable and Payables**

(continued)

Accounts payable consist of goods received or services rendered on or before June 30 and paid after June 30. It can also include funds due to grantors.

**H. Unearned Revenues**

Unearned revenues include amounts received for tuition and fees prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The College does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The College does not have any items that qualify for reporting in this category.

**J. Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. Land and construction in progress are not depreciated.

**K. Classification of Revenues**

The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

*Operating revenues:* Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, and other

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(continued)

**K. Classification of Revenues**

(continued)

related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

*Scholarship discounts and allowances*

Student tuition and fee revenues are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain grants, such as Pell and other Federal, state or nongovernmental programs are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**L. Classification of Expenses**

The College has classified its expenses as either operating or nonoperating expenses according to the following criteria:

*Operating expenses:* Operating expenses generally result from the purchasing of goods or services related to the College's principal ongoing operations. These expenses include (1) salaries and benefits paid to employees for providing educational services and other related services to students; (2) utilities to maintain the educational buildings; (3) supplies and services for goods and services provided to the College; (4) scholarship expenses for student financial assistance; and (5) depreciation expense for capital items.

*Nonoperating expenses:* Nonoperating expenses include activities that have the characteristics of nonexchange transactions. These expenses include interest expense and loss on disposal of assets.

**M. Auxiliary Enterprises Activities**

Auxiliary enterprise revenues primarily represent revenues generated by bookstore and vending operations. Revenues of the auxiliary enterprise activities and related expenses of college departments have been eliminated.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(continued)

**N. Net Position**

The College's net position is classified as follows:

*Net investment in capital assets:* This represents the College's total investment in capital assets, net of accumulated depreciation, and capital related deferred outflows of resources (when applicable) and net of outstanding debt obligations related to those capital assets, and capital related deferred inflows of resources (when applicable). To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of investment in capital assets.

*Restricted net position - expendable:* Restricted expendable net position includes resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

*Restricted net position - nonexpendable:* Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College's policy in regards to restricted net position is to first apply restricted resources when an expense is incurred for purposes of which both restricted and unrestricted net position are available.

**O. Compensated Absences**

The College has accrued a liability for employees' vested vacation pay. The liability for accrued compensated absences includes all accrued leave, including unused holidays, and related fringe benefits. Other compensated absences, such as sick pay, do not vest; accordingly, no liability is accrued.

**P. Capitalized Interest**

The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects or interest cost that could have been avoided if cash had been used to pay off debt instead of using it for the capital project. Interest is only capitalized for individual projects with a cost greater than \$1 million and duration greater than one year. The College did not capitalize any interest expense during the year because no capital projects met the stated criteria.



CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(continued)

**Q. Accounting Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – CASH, DEPOSITS AND INVESTMENTS**

The following schedule reconciles cash and investments as reported on the Statement of Net Position to footnote disclosure provided for deposits and investments.

Statement of Net Position:

Cash and cash equivalents	\$10,013,869
Restricted cash and cash equivalents	29,703
Investments	2,986,424
Restricted Investments	246,847
TOTAL STATEMENT OF NET POSITION	<u>\$13,276,843</u>

Notes to Financial Statements:

Carrying value of deposits:	
Held by financial institutions	\$ 1,083,619
Held by state treasurer	8,348,915
Repurchase agreement	609,998
Cash on hand	1,040
Investments:	
Certificates of Deposits	750,000
Federal National Mortgage Association	2,483,271
TOTAL	<u>\$ 13,276,843</u>

**Deposits:**

The "deposit" classification is used only in the notes, not on the face of the statement of net position or balance sheet. Deposits include only cash in bank accounts, money market funds and certificates of deposits.

Restricted cash includes \$2,238 held for scholarship endowment and \$27,465 held for others.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 2 – CASH, DEPOSITS AND INVESTMENTS**

(continued)

***Deposits:***

(continued)

*Deposits Policy*

The State's policy, by law, requires all banks or savings and loan associations that receive state funds deposited by the College, to secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the College against any loss.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover the value of collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails. Deposits include cash and cash equivalents on deposit in banks, overnight repurchase agreements, and money market accounts. The College does not have a policy that limits holding of securities by counterparties.

As of June 30, 2014, the deposits for Central Carolina Technical College outside of the State Treasurer were \$1,693,618 and the bank balances were \$1,743,371. Of these, \$1,362,612 were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging institution or their trust department or agent for the College but not in the College's name.

The College did not incur any losses in the year ended June 30, 2014 due to default by counterparties.

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. Pursuant to state law, the College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the College is not exposed to this risk.

***Investments:***

The College's investments at June 30, 2014 are held by certain financial institutions in the College's name. The fair value of investments at June 30, 2014 consists solely of certificates of deposits, and Federal National Mortgage Association (FNMA) bonds. All of the investments for the reporting period were either US Treasury and agency obligations, or fully insured or collateralized certificates of deposits.

In addition, South Carolina state statutes authorize the College to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws and administered by the State Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized ratings services. The SCLGIP is a 2a7-like pool, which is not registered with the Securities and Exchange Commission

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 2 – CASH, DEPOSITS AND INVESTMENTS**

(continued)

***Investments:***

(continued)

(SEC) as an investment company but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940.

Investments, including the College's investment in the South Carolina Local Government Investment Pool, are carried at fair value based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned. The fair value of the College's position in the Pool is the same as the value of the pool shares.

Restricted investments include \$246,847 held for scholarship endowment.

***Custodial Credit Risk***

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

As of June 30, 2014, the College's investments were held in the College's name by the College's custodial bank; the underlying securities were held in the name of the custodial bank for the College.

The College does not have a policy that limits holding of securities by counterparties.

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not pay the face value of the securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Part of the interest rate risk experienced with debt securities is maturity risk. The College's interest rate risk policy is to structure its investment portfolio so securities mature to meet cash requirements for ongoing operations to prevent the need to liquidate securities prior to maturity. The College's debt investments as of June 30, 2014 included the following FNMA bonds:

<u>FMV</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Call date</u>
\$548,058	1.5%	5/25/18	8/25/14
\$246,847	1.375%	4/26/19	7/26/14
\$1,688,366	2.5%	12/27/24	9/27/14

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College's credit risk policy mitigates potential for loss of principal by purchasing only high investment grade fixed-income securities that are fully insured or collateralized.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 2 – CASH, DEPOSITS AND INVESTMENTS**

(continued)

***Investments:***

(continued)

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College's policy for reducing the risk is to only invest in US Treasury and agency obligations, or fully insured or collateralized certificates of deposits and repurchase agreements. The FNMA bonds have a Moody's rating of Aaa and S&P rating of AA+.

As of June 30, 2014, the College had all of its investments in fully insured certificates of deposits and FNMA bonds and the state investment pool.

*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Pursuant to state law, the College does not maintain investments that are exposed to this risk.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2014, are summarized as follows:

Student accounts receivable	\$ 715,713
Allowance for uncollectible accounts	(442,455)
Federal grants and contracts	283,201
State grants and contracts	476,139
County appropriation	285,151
Other	48,076
Total accounts receivable	<u>\$ 1,365,825</u>

**NOTE 4 - LEASE OBLIGATIONS**

The College had two operating lease obligations as of June 30, 2014 with non-state entities. The first lease for photocopy equipment expires June 30, 2015 and has annual payments of \$13,890. The second lease for photocopy equipment expires June 30, 2018 and has annual payments of \$34,297. Operating lease expense during fiscal year 2014 was \$48,187. Future minimum operating lease obligations are as follows:

<u>FYE</u>	
2015	\$ 48,187
2016	34,297
2017	34,297
2018	34,297
Total	<u>\$ 151,078</u>

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 5 – CAPITAL ASSETS**

	Balance as restated				Balance
	June 30, 2013	Increases	Decreases	Transfers	June 30, 2014
Capital assets not being depreciated:					
Land and improvements	\$ 1,432,439	\$ -	\$ -	\$ -	\$ 1,432,439
Construction in progress	285,696	334,125	-	-	619,821
Total capital assets not being depreciated	1,718,135	334,125	-	-	2,052,260
Depreciable capital assets:					
Buildings and improvements	37,182,451	-	-	2	37,182,453
Machinery, equipment, and other	5,234,227	319,744	(38,960)	-	5,515,011
Vehicles	561,809	21,889	(19,299)	-	564,399
Depreciable land improvements	2,166,690	-	-	(2)	2,166,688
Total depreciable capital assets at historical cost	45,145,177	341,633	(58,259)	-	45,428,551
Less accumulated depreciation for:					
Buildings and improvements	(11,315,387)	(973,060)	-	-	(12,288,447)
Machinery, equipment, and other	(3,667,916)	(580,809)	38,960	-	(4,209,765)
Vehicles	(445,839)	(19,185)	19,299	-	(445,725)
Depreciable land improvements	(728,523)	(123,991)	-	-	(852,514)
Total accumulated depreciation	(16,157,665)	(1,697,045)	58,259	-	(17,796,451)
Depreciable capital assets, net	28,987,512	(1,355,412)	-	-	27,632,100
Capital assets, net	\$ 30,705,647	\$ (1,021,287)	\$ -	\$ -	\$ 29,684,360

Construction in progress as of June 30, 2014 consists of two projects that will be capitalized upon completion. The Advanced Manufacturing Technology Training Center (AMTTC) renovation (\$600,190) will begin in July 2014 and be completed in the summer of 2015. The project, which is largely funded by state appropriations of \$7 million and a federal Economic Development Administration grant of \$2.5 million is estimated to cost \$11.8 million. The Health Sciences BOOST lab renovation (\$19,630) will begin in September 2014 and be completed in December 2014. This project is being fully funded by a federal grant from Department of Labor and is estimated to cost \$296,375. Commitments related to these construction projects are discussed in Note 19.

**Prior period adjustments**

*Implementation of GASB Statement 65*

GASB Statement 65, which was implemented in the current fiscal year, requires debt issuance costs to be recognized as an expense in the period incurred. As discussed in Note 6, the College issued bonds in fiscal year 2010 for construction of the Health Sciences facility, which was completed in fiscal year 2011. The debt issuance costs of \$20,999 were previously capitalized as part of the building, but has been adjusted in the current year by reducing the beginning balance of Buildings and Improvements by \$20,999 and the beginning balance of the associated accumulated depreciation by \$1,575. The net amount of \$19,424 reduced the beginning balance of Net Investment in Capital Assets.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 5 – CAPITAL ASSETS**

(continued)

*Change in Accounting Principle*

Management discovered in the current fiscal year that the State of South Carolina had issued guidance to state entities indicating that roof replacements are not to be considered building improvements and should not be capitalized. The College had previously capitalized two roofing projects in fiscal year 2010 totaling \$1,085,612. In the current year, the beginning balance of Buildings and Improvements was reduced by \$1,085,612 and the beginning balance of the associated accumulated depreciation was reduced by \$173,698. The net amount of \$911,914 reduced the beginning balance of Net Investment in Capital Assets.

Summary of changes to beginning balance of Net Investment in Capital Assets:

Net Investment in Capital Assets at June 30, 2013—as previously reported	\$29,376,986
Effect of Implementation of GASB Statement 65—described above	(19,424)
Effect of Change in Accounting Principle—described above	(911,914)
Net Investment in Capital Assets at June 30, 2013—as restated	<u>\$28,445,648</u>

**NOTE 6 - BONDS PAYABLE**

In fiscal year 2010, the College issued \$3,000,000 in Special Fee Revenue Bonds series 2010A for \$1,500,000 and series 2010B for \$1,500,000. These bonds are payable solely from and secured by a pledge of revenues derived from the imposition of a \$164 special tuition fee on the curriculum students of the College, which resulted in revenue of \$1,156,285 in fiscal year 2014. The proceeds of these bonds were used for the construction of the Health Sciences facility, which was completed in fiscal year 2011.

These bonds mature annually on March 1 with principal amounts ranging from \$115,000 to \$180,000 each with applicable semi-annual interest at 5.63%. The bonds were issued as taxable Recovery Zone Economic Development (2010A) and Build America (2010B) bonds. Under the Recovery Zone Economic Development Bonds Program, the College will receive a rebate from the Federal Government in an amount equal to 45% of the interest paid on the Bond, resulting in an effective rate of 3.0965%. Under the Build America Bonds Program, the College will receive a rebate from the Federal Government in an amount equal to 35% of the interest paid on the Bond, resulting in an effective rate of 3.6595%.

As a result of the federal sequestration reduction in fiscal year 2013, the College's rebates were reduced as follows:

<u>Payment date</u>	<u>Reduction %</u>	<u>Reduction amount</u>
9/1/13	8.7%	\$2,214
3/1/14	7.2%	\$1,832
9/1/14	7.2%	\$1,605

At this time it is not known if this reduction is permanent; therefore, the following chart assumes the full rebates will be received in the future.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 6 - BONDS PAYABLE**

(continued)

Revenue Bonds—Series 2010A & 2010B:

	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payments</u>	<u>Interest Rebate</u>
2015	\$ 290,000	\$ 111,474	\$ 401,474	\$ ( 42,985)
2016	300,000	95,147	395,147	( 38,059)
2017	320,000	78,257	398,257	( 31,303)
2018	340,000	60,241	400,241	( 24,096)
2019	360,000	41,099	401,099	( 16,440)
2020	370,000	20,831	390,831	( 8,332)
Total	<u>\$ 1,980,000</u>	<u>\$ 407,049</u>	<u>\$ 2,387,049</u>	<u>\$ (161,215)</u>

**NOTE 7 – LONG TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2014 was as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Due Within One Year</u>
Bonds Payable					
Special Fee Revenue Bonds	\$ 2,260,000	\$ -	\$ 280,000	\$ 1,980,000	\$ 290,000
Accrued Compensated Absences	<u>889,015</u>	<u>137,271</u>	<u>118,997</u>	<u>907,289</u>	<u>78,208</u>
Total Long-Term Liabilities	<u>\$ 3,149,015</u>	<u>\$ 137,271</u>	<u>\$ 398,997</u>	<u>\$ 2,887,289</u>	<u>\$ 368,208</u>

**NOTE 8 – RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS**

The financial statements include only those accounts and transactions of the College which relate to the educational purposes of Central Carolina Technical College.

***The Central Carolina Technical College Foundation***

Central Carolina Technical College Foundation is a separately chartered legal entity whose activities are related to those of the College and exists primarily to provide financial assistance and other support to the College and its educational programs. The Foundation has given \$102,098 for scholarships and educational programs in the current fiscal year. Financial statements for this entity are compiled by independent accountants retained by the Foundation. Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39 and GASB Statement No. 61.

In the process of evaluating whether to include the Foundation as a potential component unit, the College concluded that the resources held by the Foundation, as well as the resources received from the Foundation were not significant to the College's financial position and operations as a whole. As such the Foundation is not included as a component unit in these statements. Per the compiled financial statements, the Foundation's Net Assets as of June 30, 2014 were \$1,521,670.



CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 9 – DONOR RESTRICTED ENDOWMENTS**

Noncurrent assets include assets restricted for an endowment as shown below.

Restricted cash and cash equivalents	\$ 2,238
Restricted investment	\$ 246,847

The donor has provided specific instructions to authorize the income on the investment of endowment funds to be spent on scholarships, in compliance with SC Code of Laws Sections 34-6-20, 34-6-30, and 34-6-60.

At June 30, 2014, the endowment had an unrealized loss of \$2,835. All is restricted and nonexpendable as of June 30, 2014 and was included in the restricted net position.

**NOTE 10 - STATE APPROPRIATIONS**

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. The following is a detail schedule of part of the State revenue reported in the financial statements for the fiscal year ended June 30, 2014:

**Non-Capital Appropriations**

Current year's appropriations:

Original appropriations per Annual Appropriations Act	\$3,999,849
Critical Needs Nursing	18,794
Pathways to Prosperity	37,784
ReadySC	3,198
SCMC program	147,920
Workkeys reimbursement	7,260
From Commission on Higher Education:	
Academic Endowment	53
From SC Lottery Fund:	
Lottery Technology	<u>151,525</u>
Total non-capital appropriations recorded as current year revenue	<u>\$4,366,383</u>

**Capital Appropriations**

Prior year capital appropriations recorded as current year revenue	<u>\$ 600,190</u>
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**NOTE 11—PENSION PLANS**

The majority of employees of Central Carolina Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Benefits Division of the South Carolina Public Employee Benefit Authority (PEBA). Generally, all full-time or part-time equivalent State employees in a permanent position are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws, as amended, or are eligible and elect to participate in the State Optional

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 11—PENSION PLANS**

(continued)

Retirement Program (ORP). The SCRS plan provides life-time monthly retirement annuity benefits to eligible members as well as disability, survivor options, annual benefit adjustments, and incidental death benefits to eligible employees and retired members.

The Retirement Benefits Division maintains five independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, South Carolina 29211-1960. Furthermore, the Division and the five pension plans are included in the State of South Carolina's CAFR.

Under the SCRS, Class II members are eligible for a full service retirement annuity upon reaching age 65 or completion of 28 years of credited service regardless of age. Employees who first became members of the System after June 30, 2012 are considered Class III members and are eligible for a full service retirement annuity upon reaching age 65 or upon meeting the rule of 90 requirement (i.e., the members age plus the years of service add up to a total of at least 90). The benefit formula for full service retirement annuity effective since July 1, 1989 for the SCRS is 1.82 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual earnable compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay at retirement for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. Early retirement options with reduced benefits are available as early as age 55 for Class II members and age 60 for Class III members. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Disability annuity benefits are available to Class II members if they have permanent incapacity to perform regular duties of the member's job and they have at least 5 years of earned service (this requirement does not apply if the disability is a result of a job related injury). Class III members can apply for disability annuity benefits provided they have a permanent incapacity to perform the regular duties of the member's job and they have a minimum of eight years of credited service. For disability applications received after December 31, 2013, a member of SCRS will have to be approved for disability benefits from the Social Security Administration in order to be eligible for SCRS disability retirement benefits.

An incidental death benefit equal to an employee's annual rate of compensation is payable upon the death of an active employee with a minimum of one year of credited service or to a working retired contributing member. There is no service requirement for death resulting from actual performance of duties for an active member. For eligible retired members, a lump-sum payment is made to the retiree's beneficiary of up to \$6,000 based on years of service at retirement. TERI participants and retired contributing members are eligible for the increased death benefit equal to their annual salary in lieu of the standard retired member benefit.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 11—PENSION PLANS**

(continued)

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any benefit adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible for disability retirement benefits. The TERI program will end effective June 30, 2018 and a member's participation may not continue after this date.

Effective July 1, 2013, employees participating in the SCRS were required to contribute 7.50% of all earnable compensation. The employer contribution rate for SCRS was 15.52%. Included in the total SCRS employer contribution rate is a base retirement contribution of 10.45%, .15% for the incidental death benefit program and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement and incidental death benefit program contributions to the SCRS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year <u>Ended</u>	<u>Retirement</u>		<u>Incidental Death</u>	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
2014	10.450%	\$1,227,440	.15%	\$17,619
2013	10.450%	\$1,288,807	.15%	\$18,500
2012	9.385%	\$1,130,535	.15%	\$18,069

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple employer defined benefit public employee retirement plan. Generally, all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to PORS as a condition of employment. This plan provides for lifetime monthly annuity benefits as well as disability, survivor benefits and incidental death benefits to eligible employees and retirees. In addition, participating employers in the PORS may elect to contribute to the accidental death program which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Under the PORS, Class II members are eligible for a full service retirement annuity upon reaching age 55 or completion of 25 years of credited service regardless of age. Class III members are eligible for a full service retirement annuity upon reaching age 55 or 27 years of credited service. The benefit formula for full benefits for the PORS is 2.14 percent of an employee's average final compensation (AFC) multiplied by the number of years of credited service. For Class II members, AFC is the average annual compensation during 12 consecutive quarters and includes an amount for up to 45 days termination pay for unused annual leave. For Class III members, AFC is the average annual earnable compensation during 20 consecutive quarters and termination pay for unused annual leave at retirement is not included. PORS does not have an early retirement option. Class II members are vested for a deferred annuity after five years of earned service. Class III members are vested for a deferred annuity after eight years of earned service. Members

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 11—PENSION PLANS**  
(continued)

qualify for a survivor's benefit upon completion of 15 years of credited service (five years effective January 1, 2002).

Effective July 1, 2013, employees participating in the PORS were required to contribute 7.84% of all earnable compensation. The employer contribution rate for PORS was 17.76%. Included in the total PORS employer contribution rate is a base retirement contribution of 12.44%, .20% for the incidental death benefit program, .20% for the accidental death program, and a 4.92% surcharge that will fund retiree health and dental insurance coverage. The College's actual retirement, incidental death benefit program and accidental death program contributions to the PORS for the years ended June 30, 2014, 2013, and 2012 were:

Fiscal Year Ended	Retirement		Incidental Death		Accidental Death	
	Rate	Contribution	Rate	Contribution	Rate	Contribution
2014	12.440%	\$12,752	.20%	\$205	.20%	\$205
2013	11.900%	\$11,468	.20%	\$193	.20%	\$193
2012	11.363%	\$ 5,206	.20%	\$ 92	.20%	\$ 92

As an alternative to membership in the SCRS, newly hired State and school district employees may elect to participate in the State Optional Retirement Program (ORP), a defined contribution retirement plan. The ORP was established in 1987 under Title 9, Chapter 20, of the South Carolina Code of Laws. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. The State assumes no liability for the State ORP plan other than for the employer's payment of contributions to designated companies. To elect participation in the ORP, eligible employees must elect membership within their first 30 days of employment. Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014. Of the 10.60% employer contribution rate, the employer remits 5.00% directly to the participant's ORP account and the remaining 5.45% retirement contribution and .15% incidental death benefit program contribution amounts are remitted to SCRS.

For fiscal year 2014, total contributions requirements to the ORP were approximately \$ 85,601 (excluding the surcharge) from the College as employer and approximately \$61,436 from its employees as plan members.

The amounts paid by the College for pension, incidental death benefit program, and accidental death program contributions are reported as employer contribution expenditures within the applicable functional expenditure categories to which the related salaries are charged.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefit, and employee/employer contributions for each retirement system. Employee and employer contribution rates to SCRS and PORS are actuarially determined.

While the surcharge to fund retiree health and dental insurance benefits is collected by the Retirement Benefits Division of PEBA, it is remitted to the Insurance Benefits Division of PEBA,

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 11—PENSION PLANS**

(continued)

which is responsible for administration of retiree health and dental insurance benefits and establishment of the applicable retiree insurance surcharge rate.

For the current fiscal year, the SCRS and PORS do not make separate measurements of assets and pension benefit obligations for individual employers within the cost-sharing plan. Under Title 9 of the South Carolina Code of Laws, the College's liability under the plans is limited to the amount of required employer contributions (stated as a percentage of covered payroll) as established by the South Carolina Public Employee Benefit Authority and as appropriated in the South Carolina Appropriation Act and from other applicable revenue sources. Accordingly, the College recognizes no contingent liability for unfunded costs associated with participation in the plans.

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Plan Description**

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The College contributes to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Insurance Benefits Division (IB) of the South Carolina Public Employee Benefit Authority (PEBA).

Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 through 24 years of service for 50% employer funding.

Benefits become effective when the former employee retires under a State retirement system. Basic Long-Term Disability (BLTD) benefits are provided to active state, public school district, and participating local government employees approved for disability.

**Funding Policies**

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the IB and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the IB, for its active employees who are not funded by State General Fund appropriations. Employers participating in the SCRHITF are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% of annual covered payroll for 2014 and 4.55% of annual covered payroll for 2013. The IB sets the employer contribution rate based on a pay-as-you-go basis. The College paid approximately \$623,241 and \$598,365 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. BLTD benefits are funded through a person's premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to IB was \$3.22 for the fiscal years

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 12—POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

(continued)

ended June 30, 2014 and 2013. The College recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately \$7,374 and \$7,315 for the years ended June 30, 2014 and 2013, respectively.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated IB reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions.

A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority – Insurance Benefits Division, P.O. Box 11960, Columbia, South Carolina 29211-1960.

**NOTE 13 – UNRESTRICTED NET POSITION**

The unrestricted net position reported on the Statement of Net Position totals \$5,690,283. A large portion of these funds are designated for specific expenditures or projects as follows:

Quasi-Endowment – this represents amounts established by the governing board to function as an endowment	\$ 113,444
Designated for Capital projects	2,867,215
30 Days Working Capital—required by State Board policy	1,773,103
Amount designated by the governing board to hold back and not spend (in addition to the 30 days working capital)	<u>936,521</u>
Total	<u>\$ 5,690,283</u>

**NOTE 14 – STATEMENT OF ACTIVITIES**

The following information is required by the Office of the Comptroller General for the State of South Carolina's comprehensive annual financial report:

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 14 – STATEMENT OF ACTIVITIES**

(continued)

**CENTRAL CAROLINA TECHNICAL COLLEGE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

	<u>2014</u>	<u>2013</u> <u>Restated</u>	<u>Increase/</u> <u>(Decrease)</u>
Charges for services	\$ 13,932,770	\$ 13,754,344	\$ 178,426
Operating grants and contributions	13,629,730	14,900,929	(1,271,199)
Capital grants and contributions	58,844	795,082	(736,238)
Less: expenses	(33,661,991)	(34,492,034)	830,042
Net program revenue (expense)	<u>( 6,040,647)</u>	<u>( 5,041,678)</u>	<u>(998,969)</u>
Transfers:			
State appropriation	4,366,383	4,066,782	299,601
State capital appropriation	600,190	2,112,236	(1,512,046)
Total transfers	<u>4,966,573</u>	<u>6,179,018</u>	<u>(1,212,445)</u>
Change in net assets	(1,074,074)	1,137,340	(2,211,414)
Net assets-beginning - restated	35,732,916	34,595,576	1,137,340
Net assets-ending	<u>\$ 34,658,842</u>	<u>\$ 35,732,916</u>	<u>\$ (1,074,074)</u>

**NOTE 15 – OPERATING EXPENSES BY FUNCTION**

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Utilities</u>	<u>Supplies</u> <u>and Other</u> <u>Services</u>	<u>Depreciation</u>	<u>Total</u>
Instruction	\$ 8,730,215	\$2,620,836	\$ -	\$ -	\$ 1,855,739	\$ -	\$ 13,206,790
Academic Support	831,610	263,628	-	-	227,780	-	1,323,018
Student Services	1,908,836	586,591	-	-	491,619	-	2,987,046
Operation and Maintenance of Plant	876,353	269,581	-	695,543	1,200,562	-	3,042,039
Institutional Support	1,646,546	551,742	-	-	753,319	-	2,951,607
Scholarships	-	-	5,827,323	-	-	-	5,827,323
Auxiliary Enterprises	95,915	38,311	-	-	2,370,347	-	2,504,573
Depreciation	-	-	-	-	-	1,697,046	1,697,046
Total Operating Expense	<u>\$14,089,475</u>	<u>\$4,330,689</u>	<u>\$5,827,323</u>	<u>\$695,543</u>	<u>\$6,899,366</u>	<u>\$1,697,046</u>	<u>\$33,539,442</u>



CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 16 - RISK MANAGEMENT**

The College is exposed to various risks of loss and pays insurance premiums to certain state agencies and commercial insurers to cover risks that may occur in normal operations. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims have not exceeded this coverage in any of the past three years.

Several state funds accumulate and the State itself assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (Department of Employment and Workforce);
2. Claims of covered employees for worker's compensation benefits for job-related illnesses or injuries (State Accident Fund);
3. Claims of covered public employees for health and dental insurance benefits (Office of Insurance Services); and
4. Claims of covered public employees for long-term disability and group-life insurance benefits (PEBA).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverage listed above is through the applicable State self-insured plan except that dependent and optional life premiums are remitted to commercial carriers.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets and activities.

1. Theft of, damage to, or destruction of assets;
2. Real property, its contents, and other equipment;
3. Motor vehicles;
4. Torts, and;
5. Natural disasters.

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage, and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. The IRF's rates are determined actuarially.

The State Board for Technical and Comprehensive Education obtains coverage through commercial insurers for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

The College has recorded insurance premium expenditures in the applicable functional expenditure categories. All claims are expected to be covered, except for the deductibles. These risks of loss (the deductibles) have not been transferred to a state or commercial insurer. There has been no significant reduction in insurance coverage from coverage in the prior year.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 17 - F.E. DUBOSE CAREER CENTER**

On July 1, 1998, the College assumed the management and operation of the F.E. Dubose Career Center, a secondary educational institution located in Clarendon County, SC. The accounts and activities of this Career Center are included in the basic financial statements of the College. Several additional schedules are included in the College's "Supplemental Information" section, as required by the South Carolina State Department of Education, because the Career Center receives most of its funds from the S.C. Department of Education.

**NOTE 18 – NATIONAL FEDERAL DIRECT SUBSIDIZED AND UNSUBSIDIZED STAFFORD LOANS**

The College participates in the National Federal Direct Subsidized and Unsubsidized Stafford Loan Program, which allows the College to disburse federal loans to students which are administered by the U.S. Department of Education. The loan activity is not reported in the accompanying financial statements because the responsibility for administration and collection passes to the U.S. Department of Education after the loans are disbursed. The College made loan disbursements of \$8,636,290 under this program during fiscal year 2014, and \$8,908,456 during fiscal year 2013.

**NOTE 19 – COMMITMENTS**

As of June 30, 2014 the College had entered into several commitments related to capital and non-capital construction projects as shown below:

AMTTC	Capital Project	\$346,376
BOOST lab	Capital Project	\$ 5,240
Roof replacement	Non-capital Project	<u>\$ 68,508</u>
Total		\$420,124

The capital projects are discussed in more detail in Note 5.

For the AMTTC project, the College had entered into a contract with an architectural firm, with an estimated commitment balance of \$315,376, and a Construction Manager-At-Risk with an estimated commitment balance of \$31,000. A Guaranteed Maximum construction price will be determined sometime in fiscal year 2014-15, at which time the contract will be amended to include the full construction cost.

For the BOOST lab project, the College had entered into a contract with an architectural firm, with an estimated commitment balance of \$5,240.

A non-capital roof replacement project was also in progress as of June 30, 2014 and is expected to be complete in August 2014. The total project budget is \$208,431. As of June 30, 2014 the College had entered into a contract with an engineering firm, with an estimated commitment balance of \$2,908 and a roofing contractor with an estimated commitment balance of \$65,600.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014

**NOTE 20– PRIOR PERIOD ADJUSTMENTS**

Certain amounts were reclassified to make the prior fiscal year Statement of Net Position more comparable to the current year, but had no impact on net position. Student accounts receivable and unearned revenue as of June 30, 2013 were both reduced by \$3,103,206, which consists of fall credit revenue and non-credit revenue from registered students not earned or received. Funds held for others of \$22,856 as of June 30, 2013 were reclassified from current cash and cash equivalents to noncurrent restricted cash and cash equivalents.

A prior period adjustment was made to increase accounts receivable and unrestricted net position by \$188,059 as a result of notification by Sumter County of unpaid funds from prior years that will be paid in fiscal year 2015.

Additional prior period adjustments related to capital assets were explained in Note 5.

Summary of changes to beginning balance of net position:

Total net position at June 30, 2013 as previously reported	\$36,476,195
Effect of adjustments to Net Investment in Capital Assets—Note 5	(931,338)
Effect of correction of Sumter County revenue described above	<u>188,059</u>
Net position at June 30, 2013 as restated	<u>\$35,732,916</u>

**NOTE 21– NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB)  
PRONOUNCEMENTS**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, intends to improve financial reporting for most governments that provide their employees with pension benefits. The statement is effective for financial statements for periods beginning after June 15, 2014. The College will implement the new guidance with the 2015 financial statements.

The College's estimated portion of the State's net pension liability that will be reported in fiscal year 2014-15 is \$27,046,448 for SCRS and PORS. This estimate came from the South Carolina Public Employee Benefit Authority (PEBA) and is subject to change as it is based on estimated assets at June 30, 2014 and contributions for the fiscal year ended June 30, 2013. Final asset values as of June 30, 2014 as well as contributions for the fiscal year ended June 30, 2014 will not be available until the State closes out the fiscal year and prepares its annual financial statements.

## SUPPLEMENTAL INFORMATION

**F.E. Dubose Career Center  
Statement of Net Position  
June 30, 2014**

	<u>Primary Government Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 239,343
Property taxes receivable	4,620
Other receivables	<u>81,271</u>
<b>Total Assets</b>	<u><u>325,234</u></u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	10,742
Unearned revenue	50,183
Long-term liabilities:	
Due within one year:	
Compensated absences	3,754
Due in more than one year:	
Compensated absences	<u>39,791</u>
<b>Total Liabilities</b>	<u><u>104,470</u></u>
<b>NET POSITION</b>	
Unrestricted	231,023
<b>Total Net Position</b>	<u><u>\$ 231,023</u></u>

**F.E. Dubose Career Center  
Statement of Activities  
For the Year Ended June 30, 2014**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Government activities:					
Instruction	\$ 846,322	\$ 746,880	\$ 172,740	\$ 40,407	\$ 113,705
Support services	606,047	-	164,527	-	(441,520)
<b>Total governmental activities</b>	<u>1,452,369</u>	<u>746,880</u>	<u>337,267</u>	<u>40,407</u>	<u>(327,815)</u>
<b>Total primary government</b>	<u>\$ 1,452,369</u>	<u>\$ 746,880</u>	<u>\$ 337,267</u>	<u>\$ 40,407</u>	<u>\$ (327,815)</u>
<b>General Revenues:</b>					
Property taxes					287,764
State aid/grants					45,865
<b>Total General Revenues</b>					<u>333,629</u>
Change in Net Position					5,814
Net position - beginning of year					225,209
Net position - end of year					<u>\$ 231,023</u>

**F.E. Dubose Career Center  
Balance Sheet  
Governmental Funds  
June 30, 2014**

	General	Special Revenue	EIA Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 239,343	\$ -	\$ 10,259	\$ 249,602
Property taxes receivable, net	4,620	-	-	4,620
Due from other funds	77,081	-	-	77,081
Other receivables	4,190	51,542	25,539	81,271
Total assets	<u>\$ 325,234</u>	<u>\$ 51,542</u>	<u>\$ 35,798</u>	<u>\$ 412,574</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	483	-	-	483
Unearned revenue	50,183	-	-	50,183
Due to other governments	-	-	10,259	10,259
Due to other funds	-	51,542	25,539	77,081
Total liabilities	<u>50,666</u>	<u>51,542</u>	<u>35,798</u>	<u>138,006</u>
Fund balances:				
Unassigned	274,568	-	-	274,568
Total fund balances	<u>274,568</u>	<u>-</u>	<u>-</u>	<u>274,568</u>
Total liabilities and fund balances	<u>\$ 325,234</u>	<u>\$ 51,542</u>	<u>\$ 35,798</u>	<u>\$ 412,574</u>
Total fund balances				274,568
Compensated absences (vacations) are recorded as a liability in the Statement of Net Position. This liability is not recorded in the fund statements.				(43,545)
Net position of governmental activities				<u>\$ 231,023</u>

**F.E. Dubose Career Center  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
Governmental Funds  
for the Year Ended June 30, 2014**

	General Fund	Special Revenue Fund	EIA Fund	Total Governmental Funds
<b>REVENUES</b>				
Local property taxes	\$ 209,270	\$ -	\$ -	\$ 209,270
Other local	792,745	-	-	792,745
Total local	1,002,015	-	-	1,002,015
State	78,494	39,506	244,454	362,454
Federal	-	93,714	-	93,714
Total revenues	1,080,509	133,220	244,454	1,458,183
<b>EXPENDITURES</b>				
Current:				
Instruction	633,175	87,813	84,927	805,915
Support services	438,227	5,000	159,527	602,754
Capital outlay	-	40,407	-	40,407
Total expenditures	1,071,402	133,220	244,454	1,449,076
Excess (deficiency) of revenues over expenditures	9,107	-	-	9,107
Net change in fund balances	9,107	-	-	9,107
Fund balances - July 1, 2013	265,461	-	-	265,461
Fund balances - June 30, 2014	\$ 274,568	\$ -	\$ -	\$ 274,568

Total net change in fund balance--governmental funds (above) \$ 9,107

Amounts reported for governmental activities in the statement of activities are different because of the following:

In the statement of activities, certain operating expenses--compensated absences (vacations) are measured by the amounts *earned* during the year.

In the governmental funds, however, expenditures for these items are measured by the amount of financial resources *used* (essentially, the amounts actually paid). \$ (3,293)

Change in net position of governmental activities on the Statement of Activities \$ 5,814



**F.E. Dubose Career Center**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 27,465</u>
Total assets	<u><u>27,465</u></u>
<b>LIABILITIES</b>	
Due to student groups	<u>27,465</u>
Total liabilities	<u><u>\$ 27,465</u></u>

**F.E. Dubose Career Center  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2014**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local	\$ 1,091,968	\$ 968,933	\$ 1,002,015	\$ 33,082
State	-	78,494	78,494	-
Total revenues	<u>1,091,968</u>	<u>1,047,427</u>	<u>1,080,509</u>	<u>33,082</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	645,532	615,661	633,175	(17,514)
Support services	446,436	431,766	438,227	(6,461)
Capital outlay	-	-	-	-
Total expenditures	<u>1,091,968</u>	<u>1,047,427</u>	<u>1,071,402</u>	<u>(23,975)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>9,107</u>	<u>9,107</u>
Net change in fund balances	-	-	9,107	9,107
Fund balance - July 1, 2013	-	-	265,461	265,461
Fund balance - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,568</u>	<u>\$ 274,568</u>

**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Local Revenues			
1210 Ad Valorem Taxes	\$ 209,270	\$ 180,506	\$ 28,764
Tuition			
1310 Tuition - Patrons	15,117	7,000	8,117
1320 Tuition - Local Education Agency's	656,677	657,178	(501)
1330 Adult/CE from Patrons	2,731	1,500	1,231
1340 Adult/CE from District	12,000	12,000	-
1910 Rentals	60,355	65,000	(4,645)
1990 Miscellaneous	45,865	45,749	116
Total Local Sources	<u>1,002,015</u>	<u>968,933</u>	<u>33,082</u>
State Sources			
In Lieu of Taxes			
3810 Property Tax Relief	<u>78,494</u>	<u>78,494</u>	<u>-</u>
Total State Source	<u>78,494</u>	<u>78,494</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<u>1,080,509</u>	<u>1,047,427</u>	<u>33,082</u>
<b>EXPENDITURES</b>			
100 General Instruction			
110 General Instruction			
115 Career and Technology Education (Vocational) Programs			
100 Salaries	355,385	360,848	5,463
140 Terminal Leave	13,115	-	(13,115)
200 Employee Benefits	146,870	144,664	(2,206)
300 Purchased Services	430	1,000	570
400 Supplies and Materials	57,818	49,900	(7,918)
180 Adult/CE Programs			
181 Adult Basic Education Programs			
100 Salaries	25,692	25,548	(144)
200 Employee Benefits	12,250	3,743	(8,507)
300 Purchased Services	5,169	11,500	6,331
400 Supplies and Materials	4,446	6,458	2,012
470 Energy	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total Instruction	<u>633,175</u>	<u>615,661</u>	<u>(17,514)</u>

**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget - Positive (Negative)</u>
EXPENDITURES (continued)			
200 Support Services			
210 Pupil Services			
211 Attendance Services			
100 Salaries	21,569	21,680	111
200 Employee Benefits	14,787	14,800	13
212 Guidance Services			
100 Salaries	47,278	47,414	136
200 Employee Benefits	16,602	15,400	(1,202)
300 Purchased Services	40	200	160
400 Supplies and Materials	267	400	133
230 General Administrative Services			
231 Board of Education			
318 Audit Services	1,500	1,500	-
233 School Administration			
100 Salaries	82,400	82,400	-
200 Employee Benefits	25,017	24,100	(917)
300 Purchased Services	2,947	4,500	1,553
400 Supplies and Materials	3,958	4,500	542
250 Finance and Operations Services			
252 Fiscal Services			
100 Salaries	27,361	25,430	(1,931)
200 Employee Benefits	9,031	6,643	(2,388)
254 Operation and Maintenance of Plant			
100 Salaries	45,277	48,000	2,723
200 Employee Benefits	19,396	18,500	(896)
300 Purchased Services	36,829	33,299	(3,530)
400 Supplies and Materials	18,829	21,500	2,671
470 Energy	64,194	60,000	(4,194)
255 Student Transportation			
300 Purchased Services	945	1,500	555
Total Support Services	438,227	431,766	(6,461)
TOTAL EXPENDITURES	1,071,402	1,047,427	(23,975)

**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
For the Year Ended June 30, 2014**

	<u>Actual</u>	<u>Budget</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,107</u>	<u>-</u>	<u>9,107</u>
Fund Balance - July 1, 2013	<u>265,461</u>	<u>-</u>	<u>265,461</u>
Fund Balance - June 30, 2014	<u>\$ 274,568</u>	<u>\$ -</u>	<u>\$ 274,568</u>

**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
SPECIAL REVENUE FUND- NON-EIA PROGRAMS- BUDGET VS. ACTUAL  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	State	Federal	Total	Budget	Variance Positive (Negative)
<b>REVENUES</b>					
3000 State					
3125 Career & Tech Equipment	\$ 38,206	\$ -	\$ 38,206	\$ 42,508	\$ (4,302)
3199 Other Restricted State grants	1,300	-	1,300	1,300	-
4000 Federal					
4210 Perkins Aid	-	8,639	8,639	8,640	(1)
4410 Basic Adult Education	-	63,201	63,201	63,201	-
4430 State Literacy Resource	-	2,600	2,600	2,600	-
4999 Revenue from Other Sources	-	19,274	19,274	41,450	(22,176)
Total Revenues	<u>39,506</u>	<u>93,714</u>	<u>133,220</u>	<u>159,699</u>	<u>(26,479)</u>
<b>EXPENDITURES</b>					
100 Instruction					
115 Vocational Programs					
300 Purchased Services	-	190	190	191	1
400 Supplies and Materials	-	6,248	6,248	6,142	(106)
500 Capital	38,206	2,201	40,407	44,815	4,408
181 Adult Basic Programs					
100 Salaries	-	31,495	31,495	38,405	6,910
200 Employee Benefits	-	8,808	8,808	10,794	1,986
300 Purchased Services	-	2,366	2,366	2,910	544
400 Supplies and Materials	-	6,037	6,037	7,684	1,647
182 Adult Secondary Program					
100 Salaries	-	18,749	18,749	25,660	6,911
200 Employee Benefits	-	3,937	3,937	5,923	1,986
300 Purchased Services	-	1,082	1,082	1,460	378
400 Supplies and Materials	-	5,001	5,001	6,815	1,814
183 English Literacy (ESL)					
100 Salaries	1,080	600	1,680	1,680	-
200 Employee Benefits	220	140	360	360	-
400 Supplies and Materials	-	1,860	1,860	1,860	-
Total Instruction	<u>39,506</u>	<u>88,714</u>	<u>128,220</u>	<u>154,699</u>	<u>26,479</u>
200 Supporting Services					
223 Supervision of Special Programs					
100 Salaries	-	4,000	4,000	4,000	-
200 Employee Benefits	-	1,000	1,000	1,000	-
Total Supporting Services	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures	<u>39,506</u>	<u>93,714</u>	<u>133,220</u>	<u>159,699</u>	<u>26,479</u>
Excess of Revenues over/under Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
EDUCATION IMPROVEMENT ACT-BUDGET VS. ACTUAL  
COMBINING SCHEDULES OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - ALL PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 2014**

	#350/355 Teacher Salary	#356 Adult Education	#332 National Board	#377 Teachers Supplies	#378 Career Ctr that Work	Total	Budget	Variance Positive (Negative)
<b>REVENUES</b>								
3000 State								
3532 National Board Certification	\$ -	\$ -	\$ 9,238	\$ -	\$ -	\$ 9,238	\$ 9,238	\$ -
3550 Teacher Salary Increase	19,884	-	-	-	-	19,884	19,884	-
3555 School Employer Contributions	2,644	-	-	-	-	2,644	2,644	-
3556 Adult Education	-	207,986	-	-	-	207,986	218,488	(10,502)
3577 Teachers Supplies	-	-	-	2,750	-	2,750	2,750	-
3578 High Schools that Work	-	-	-	-	1,952	1,952	8,252	(6,300)
<b>TOTAL REVENUE</b>	<b>22,528</b>	<b>207,986</b>	<b>9,238</b>	<b>2,750</b>	<b>1,952</b>	<b>244,454</b>	<b>261,256</b>	<b>(16,802)</b>
<b>EXPENDITURES</b>								
100 Instruction								
115 Vocational Programs								
100 Salaries	19,884	-	7,500	-	-	27,384	27,384	-
200 Employee Benefits	2,644	-	1,738	-	-	4,382	4,382	-
400 Supplies and Materials	-	-	-	2,750	-	2,750	2,750	-
181 Instruction - Basic								
100 Salaries	-	20,865	-	-	-	20,865	26,055	5,190
200 Employee Benefits	-	4,926	-	-	-	4,926	5,700	774
300 Purchased Services	-	10,404	-	-	1,952	12,356	8,502	(3,854)
400 Supplies and Materials	-	474	-	-	-	474	10,740	10,266
182 Adult Secondary Program								
100 Salaries	-	9,599	-	-	-	9,599	11,360	1,761
200 Employee Benefits	-	1,297	-	-	-	1,297	2,660	1,363
400 Supplies and Materials	-	894	-	-	-	894	1,000	106
<b>TOTAL INSTRUCTION</b>	<b>22,528</b>	<b>48,459</b>	<b>9,238</b>	<b>2,750</b>	<b>1,952</b>	<b>84,927</b>	<b>100,533</b>	<b>15,606</b>
200 Supporting Services								
223 Supervision of Special Program								
100 Salaries	-	123,182	-	-	-	123,182	123,677	495
200 Employee Benefits	-	35,033	-	-	-	35,033	34,906	(127)
300 Purchased Services	-	591	-	-	-	591	750	159
400 Supplies and Materials	-	721	-	-	-	721	1,390	669
<b>TOTAL SUPPORTING SERVICES</b>	<b>-</b>	<b>159,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>159,527</b>	<b>160,723</b>	<b>1,196</b>
<b>TOTAL EXPENDITURES</b>	<b>22,528</b>	<b>207,986</b>	<b>9,238</b>	<b>2,750</b>	<b>1,952</b>	<b>244,454</b>	<b>261,256</b>	<b>16,802</b>
Excess(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
PUPIL ACTIVITY FUND  
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>ACTUAL</u>
<b>RECEIPTS</b>	
1000 Receipts from Local Sources	
1700 Pupil Activities	
1740 Student Fees	<u>\$      45,884</u>
Total Receipts	<u>45,884</u>
<b>DISBURSEMENTS</b>	
270 Supporting Services Pupil Activity	
272 Enterprise Activities	
660 Pupil Activity	<u>41,275</u>
Total Disbursements	<u>41,275</u>
Excess of Receipts over Disbursements	4,609
Fund Balance July 1, 2013	<u>22,856</u>
Fund Balance June 30, 2014	<u><u>\$      27,465</u></u>



**F.E. DUBOSE CAREER CENTER  
CLARENDON COUNTY, SOUTH CAROLINA  
DETAILED SCHEDULE OF DUE TO SOUTH CAROLINA  
DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT**

<u>Program</u>	<u>Grant or Project Number</u>	<u>Revenue &amp; Subfund Codes</u>	<u>Description</u>	<u>Amount Due to SCDE</u>	<u>Status of Amounts Due to Grantors</u>
Career Centers that Work		3578/378	Unexpended Funds	\$ 10,259	Refund 7/29/14
Total Due				<u>\$ 10,259</u>	

## **SINGLE AUDIT SECTION**

**CENTRAL CAROLINA TECHNICAL COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

	<u>Federal CFDA Number</u>	<u>Grant/Contract Number</u>	<u>Expenditures</u>
<b>U.S. Department of Education</b>			
<b>Direct grants</b>			
Student Financial Assistance Cluster			
Federal Work Study Programs 12-13	84.033	P033A123809	\$ 4,748
Federal Work Study Programs 13-14	84.033	P033A133809	131,038
Total CFDA 84.033			<u>135,786</u>
Federal Pell Grant Program--12-13	84.063	P063P122482	(45,094)
Federal Pell Grant Program--13-14	84.063	P063P132482	10,981,896
Total CFDA 84.063			<u>10,936,802</u>
Federal Supplemental Educational Opportunity Grant-- 13-14	84.007	P007A133809	<u>146,547</u>
Federal Direct Student Loans 12-13	84.268	P268K132482	(40,101)
Federal Direct Student Loans 13-14	84.268	P268K142482	8,676,391
Total CFDA 84.268			<u>8,636,290</u>
Total Student Financial Assistance Cluster			<u>19,855,425</u>
TRIO Student Support Services	84.042	P042A100297-12	214,336
Higher Education Institutional Aid	84.031P	P031P110030-12	211,938
Strengthening Minority - Serving Institutions	84.382A	P382A110003-12	<u>391,274</u>
Subtotal Direct			<u>20,672,973</u>
<b>Pass-through--South Carolina Dept. of Education</b>			
Adult Education - F.E. Dubose	84.002	14EA121-01	63,201
Adult Education-English Lit - F.E. Dubose	84.002	14ED121	2,600
Adult Education-English Lit - Family Literacy	84.002	14EA121-02	10,040
Total CFDA 84.002			<u>75,841</u>
Career and Technical Education - Basic Grants to States - Carl Perkins - F.E.Dubose	84.048	14VA121	8,639
Career and Technical Education - Basic Grants to States - Carl Perkins Grant	84.048	14VA413	263,496
Total CFDA 84.048			<u>272,135</u>
Total passed-through--South Carolina Dept. of Education			<u>347,976</u>
Subtotal Passed-through			<u>347,976</u>
Total U.S. Department of Education			<u>21,020,949</u>

**CENTRAL CAROLINA TECHNICAL COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**YEAR ENDED JUNE 30, 2014**

**U.S. Department of Health & Human Services**

Pass-through--Office of First Steps Childcare and Development Block grant - T.E.A.C.H. Early Childhood	93.575	01TE413	51,252
Total passed-through--Office of First Steps			<u>51,252</u>
Total U.S. Department of Health & Human Services			<u>51,252</u>

**U.S. Department of Agriculture**

Pass-through--South Carolina Dept. of Education State Admin. Matching - Supplemental Nutrition Assist.	10.561	None	9,234
Total passed-through --South Carolina Dept. of Education			<u>9,234</u>
Total U.S. Department of Agriculture			<u>9,234</u>

**U.S. Department of Labor**

Pass-through--Florence-Darlington Tech College Trade Adjustment Assistance Community College and Career Training grants - Assist to Work grant	17.282	TC-22521-11-60-A-45	320,851
Total passed-through --Florence-Darlington Technical College			<u>320,851</u>
Direct grant Trade Adjustment Assistance Community College & Career Training grant - BOOST grant	17.282	TC-25078-13-60-A-45	139,546
Total U.S. Department of Labor			<u>460,397</u>

**U.S. National Science Foundation**

Pass-through--Utah State University Integrating Expert Knowledge & Simulation Based Assessment	47.076	14018201	10,569
Total passed-through--Utah State University			<u>10,569</u>
Total U.S. National Science Foundation			<u>10,569</u>
Total Expenditures of Federal Awards			<u>\$ 21,552,401</u>

See accompanying notes to schedule of expenditures of federal awards.

CENTRAL CAROLINA TECHNICAL COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the College under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets or cash flows of the College.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 of the College's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Education Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3 – LOANS

The college began participating in the Federal Direct Student Loan Program in July 2010. The loans are issued to the students from the federal program and are not recognized as revenue within the financial statements. The total loans disbursed on student's accounts for fiscal year ending June 30, 2014 are:

	<u>Federal Direct Student Loan</u>
Subsidized loans	\$5,179,948
Unsubsidized loans	<u>3,456,342</u>
Total	<u>\$8,636,290</u>

**Independent Auditors'  
Report On Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

The President and Members of the Area Commission  
Central Carolina Technical College  
Sumter, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Central Carolina Technical College (the College), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise College's basic financial statements, and have issued our report thereon dated September 18, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Webster Rogers LLP".

Sumter, South Carolina  
September 18, 2014

**Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by OMB Circular A-133**

The President and Members of the Area Commission  
Central Carolina Technical College  
Sumter, South Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Central Carolina Technical College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.





*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Handwritten signature of Webster Rogers LLP in cursive script.

Sumter, South Carolina  
September 18, 2014

CENTRAL CAROLINA TECHNICAL COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014

**I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of auditors' report issued:

**Unmodified**

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes      X   No

Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

Material weaknesses identified?

\_\_\_\_\_ Yes      X   No

Significant deficiencies identified that are not considered to be material weaknesses?

\_\_\_\_\_ Yes      X   None Reported

Type of auditors' report issued on compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

\_\_\_\_\_ Yes      X   No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

84.007  
84.033  
84.063  
84.268  
17.282

Student Financial Assistance Cluster  
Federal Supplemental Educational Opportunity Grants  
Federal Work-Study Program  
Federal Pell Grant Program  
Federal Direct Student Loans  
Trade Adjustment Assistance Community College and Career Training Grants

Dollar threshold used to distinguish between type A and type B programs

**\$300,000**

Auditee qualified as low-risk auditee?

\_\_\_\_\_ Yes      X   No

**II. FINANCIAL STATEMENT FINDINGS**

**NONE**

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**NONE**

CENTRAL CAROLINA TECHNICAL COLLEGE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

No prior year audit findings